



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute an Amendment to the Contract with Greyhound Bus Lines, Inc., Reducing Commission for Ticket Sales

MEETING DATE: July 7, 2010

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute an amendment to the contract with Greyhound Bus Lines, Inc., reducing commission for ticket sales.

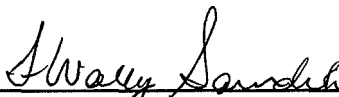
BACKGROUND INFORMATION: In January 2006, the City of Lodi entered into an agreement with Greyhound Bus Lines to sell various types of Greyhound tickets in return for a commission. The history of commission changes are presented in Exhibit A. The City is also responsible for receiving and distributing Greyhound packages at the Lodi Transit Station and the City contracts this work to MV Transportation (MV). In addition to selling Greyhound tickets, the same MV staff sells passes for GrapeLine and the Regional Transit District. The Greyhound commission is split between MV and the City with MV receiving 83.3 percent and the City receiving 16.7 percent of the total commission.

In August 2008, Greyhound Bus Lines notified the City that it was faced with financial challenges including increased fuel costs and competition from discount carriers. Greyhound Bus Lines performed a study on agency commissions/fees and determined it needed to adjust the basic commission rates for several contract agents, including Lodi, to remain competitively priced. In October 2008, Greyhound Bus Lines reduced the commission rate for ticket sales and sale of commutation tickets, books, or multiple-ride tickets from nine percent to eight percent. The City did not object to the reduction after notification from Greyhound due to a change in Transit staffing.

The proposed contract amendment (Exhibit B) changes the commission rates retroactive to October 1, 2008 from nine percent to eight percent for ticket sales and sale of commutation tickets, books, or multiple-ride tickets. No retroactive commission refunds will be due to Greyhound Bus Lines because the payments for sales since October 1, 2008 have reflected the new commission structure. The total annual Greyhound commission for the past several years has decreased as follows: \$18,100 (FY 06/07); \$13,100 (FY 07/08); \$6,900 (FY 08/09); and \$5,200 (FY 09/10, 10 months). To date, we have sold nearly 800 Greyhound tickets to various locations throughout California and several other states, as well as Canada and Mexico. The Lodi Transit Station was designed to accommodate several transportation services, and Greyhound Bus Lines serves the regional transportation needs of the Lodi community. By accepting the lower commission rate, Greyhound services will continue to be available to the citizens of Lodi.

FISCAL IMPACT: The reduced commission has minimal impact to the Transit Revenue Account.

FUNDING AVAILABLE: None required


F. Wally Sandelin
Public Works Director

Prepared by Paula J. Fernandez, Transportation Manager/Senior Traffic Engineer

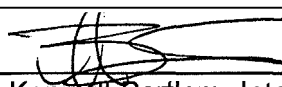
FWS/PJF/pmf

Attachment

cc: Deputy City Manager/Internal Services Director

Brenda Kuykendall, MV Public Transportation

APPROVED:


Konrad Bartlam, Interim City Manager

Greyhound Amendment History And Commission Rates

Agreement Description

Council Approval

City and Greyhound Bus Lines enter into a **Standard Independent Contractor Agreement (January 9, 2006)**

July 6, 2005

Greyhound agrees to pay the City the following commissions:

- 15% - on transportation charges collected from ticket sales;
- 10% - transportation charges collected from the sale of commutation tickets, books, or multiple ride tickets;
- 10% - transportation charges from charters sold;
- \$3.00 Prepaid Ticket Order (PTO) tickets honored;
- 40% - transportation charges from sales by internet ticketing and tickets by mail originating from Lodi.

City and MV split commission 50/50.

Contract Amendment (dated February 1, 2006)

June 21, 2006

Greyhound agrees to pay the City the following commissions:

- 15% (no change) - on transportation charges collected from ticket sales;
- 10% (no change) - transportation charges collected from the sale of commutation tickets, books, or multiple ride tickets;
- 10% (no change) - transportation charges from charters sold;
- \$3.00 (no change) Prepaid Ticket Order (PTO) tickets honored;
- 40% (no change) - transportation charges from sales by internet ticketing and tickets by mail originating from Lodi.
- 10% (new) - on transportation charges for express shipments delivered to Lodi;
- 10% (new) - charges from sale of Ameripass tickets;
- 15% (new) - charges for excess baggage;
- 20% (new) - Greyhound Lines, Inc. (GLI) card;
- \$2.00 (new) per student advantage card.

City and MV split commission 50/50.

Contract Amendment (dated April 11, 2008)

July 16, 2008

Greyhound agrees to pay the City the following commissions:

- 9% (from 15%) - on transportation charges collected from ticket sales;
- 9% (from 10%) - transportation charges collected from the sale of commutation tickets, books, or multiple ride tickets;
- 10% (no change) - transportation charges from charters sold;
- \$3.00 (no change) Prepaid Ticket Order (PTO) tickets honored;
- 40% (no change) - transportation charges from sales by internet ticketing and tickets by mail originating from Lodi.
- 15% (from 10%) - on transportation charges for express shipments delivered to Lodi;
- 10% (no change) - charges from sale of Ameripass tickets;
- 15% (no change) - charges for excess baggage.
- 20% (no change) - Greyhound Lines, Inc. (GLI) card;
- \$2.00 (no change) per student advantage card.

City and MV split commission 16.7%/83.3%.

Contract Amendment (dated October 1, 2008)

July 7, 2010

Greyhound agrees to pay the City the following commissions:

(Pending)

- 8% (from 9%) - on transportation charges collected from ticket sales;
- 8% (from 9%) - transportation charges collected from the sale of commutation tickets, books, or multiple ride tickets.
- 10% (no change) - transportation charges from charters sold;
- \$3.00 (no change) Prepaid Ticket Order (PTO) tickets honored;
- 40% (no change) - transportation charges from sales by internet ticketing and tickets by mail originating from Lodi.
- 15% (no change) - on transportation charges for express shipments delivered to Lodi;
- 10% (no change) - charges from sale of Ameripass tickets;
- 15% (no change) - charges for excess baggage.
- 20% (no change) - Greyhound Lines, Inc. (GLI) card;
- \$2.00 (no change) per student advantage card.

City and MV split commission 16.7%/83.3%.

Agency #3886
LODI, CA

AMENDMENT

This Amendment is made to be effective the 1st of October 2008, by and between GREYHOUND LINES, INC., a Delaware corporation, ("Greyhound"), and City of Lodi ("Contractor").

WHEREAS, the parties hereto entered into that certain Standard Independent Contractor Agreement ("Agreement") dated January 9, 2006; and

WHEREAS, the parties desire to amend the Agreement in accordance with the **terms** set forth below.

IT IS HEREBY AGREED, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration in hand paid, the parties hereto agree as follows:

1. The Agreement is hereby amended by deleting and inserting in its stead the following:

I. COMPANY AGREES:

A. To pay Contractor the following commissions:

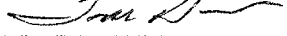
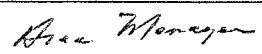
1. On transportation charges collected by Contractor from the sale of tickets, except as hereinafter provided: **Eight Percent (8%)**
2. On transportation charges collected by Contractor from the sale of commutation tickets or books or other multiple ride tickets: **Eight Percent (8%)**

ID. - Company agrees to pay to Contractor, forty percent (40%) of the commission stated in the Agreement on transportation charges collected by the Company arising from printing of "Will Call Tickets". "Will Call Tickets" is defined as sales by the Company on the internet or by its Telephone Information Centers for schedules originating from Contractor's facility with the tickets to be issued by Contractor. The parties hereto agree that Company's records will be used for determining compensation to the Contractor under this provision. The percentage commission established by this provision is in lieu of any commission for internet sales set forth in the Agreement, for "Will Call Tickets", as heretofore amended, and shall not apply to any sales made prior to October 1, 2008.

2. Except as otherwise provided herein, the terms and provisions of the Agreement, as previously modified or amended, shall remain in full force and effect.

This Amendment is executed to be made effective the day and year first above written.

GREYHOUND LINES, INC.
a Delaware corporation

By: 
Title: 

CONTRACTOR:

By: _____
Title: _____

Approved to form **08/19/08**

Approved as to form

City Attorney



RESOLUTION NO. 2010-109

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING CITY MANAGER TO EXECUTE
AMENDMENT TO CONTRACT WITH GREYHOUND LINES,
INC., REDUCING COMMISSION FOR TICKET SALES

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WHEREAS, in January 2006, the City of Lodi entered into an agreement with Greyhound Bus Lines to sell various types of Greyhound tickets and in return receive a commission; and

WHEREAS, the City of Lodi contracts this work to the City's Transit Operations Contractor, MV Transportation; and

WHEREAS, the Greyhound ticket sales commission is split between MV Transportation and the City with MV Transportation receiving 83.3 percent and the City receiving 16.7 percent of the total commission; and

WHEREAS, in August 2008, Greyhound Bus Lines notified the City that, faced with continued challenges with increased fuel costs and competition from discount carriers, it had performed a study on agency commissions/fees and determined it needed to adjust the basic commission rates for several contract agents, including Lodi; and

WHEREAS, in October 2008, Greyhound Bus Lines automatically implemented the 8-percent commission rate for ticket sales and sale of commutation tickets, books, or multiple-ride tickets; and

WHEREAS, to formalize the current commission, staff recommends approving a contract amendment reflecting the changes in the commission rates from 9 percent to 8 percent for ticket sales and sale of commutation tickets, books, or multiple-ride tickets.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute an amendment to the contract with Greyhound Lines, Inc., reducing the commission rates from 9 percent to 8 percent for ticket sales and sale of commutation tickets, books, or multiple-ride tickets.

Dated: July 7, 2010

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I hereby certify that Resolution No. 2010-109 was passed and adopted by the City Council of the City of Lodi in a regular meeting held July 7, 2010, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, Mounce, and Mayor Katzakian

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Hitchcock

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk

CITY COUNCIL

PHIL KATZAKIAN, Mayor
SUSAN HITCHCOCK,
Mayor Pro Tempore
LARRY D. HANSEN
BOB JOHNSON
JOANNE L. MOUNCE

CITY OF LODI

PUBLIC WORKS DEPARTMENT

CITY HALL, 221 WEST PINE STREET

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KONRADT BARTLAM
Interim City Manager

RANDI JOHL
City Clerk

D. STEVEN SCHWABAUER
City Attorney

F. WALLY SANDELIN
Public Works Director

July 1, 2010

MV Public Transportation, Inc.
Brenda Kuykendall, General Manager
24 S. Sacramento Street
Lodi, CA 95240

SUBJECT: Adopt Resolution Authorizing City Manager to Execute an Amendment to the Contract with Greyhound Bus Lines, Inc., Reducing Commission for Ticket Sales

Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, July 7, 2010. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the consent calendar and is usually not discussed unless a Council Member requests discussion. The public is given an opportunity to address items on the consent calendar at the appropriate time.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Randi Johl, City Clerk, at (209) 333-6702.

If you have any questions about the item itself, please call Paula Fernandez, Transportation Manager/Senior Traffic Engineer, at (209) 333-6800, extension 2267.



for: F. Wally Sandelin
Public Works Director

FWS/pmf

Enclosure

cc: City Clerk